

Message Text

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73

ACTION NEA-13

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PA-04 USIA-15

PRS-01 SAM-01 PM-07 NSC-10 SS-20 DRC-01 /149 W

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R 131255Z FEB 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8777

INFO AMEMIASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 0600

EO 11652: NA

TAGS: EGEN, ECRP, KU

SUBJ: COUNCIL OF MINISTERS APPROVES FY 74/75 STATE BUDGET

REF: A) CERP 0200 AND 0201; B) KUWAIT A-114, 8/29/73; C)

KUWAIT 0573

SUMMARY: GOK COUNCIL OF MINISTERS HAS APPROVED KUWAIT STATE BUDGET OF KD 585 MILLION FOR NEXT FISCAL YEAR WHICH BEGINS APRIL 1. FIGURE INCLUDES KD 100 MILLION FOR CIVIL SERVICE WAGES, KD 100 MILLION FOR LOCAL DEVELOPMENT PROJECTS, BUDGET MILLION FOR EXPROPRIATIONS AND KD 63 MILLION FOR STATE RESERVE. HOWEVER, FIGURE DOES NOT RPT NOT INCLUDE AMOUNTS FOR MILITARY EXPANSION PETGRAM OR FOR GENERAL INVESTMENT, WHICH ARE CLASSIFIED. FY 74/75 BUDGET EXPENDITURE PROJECTIONS ARE SLIGHTLY LESS THAN KD 20 MILLION ABOVE CURRENT FISCAL YEAR LEVELS. END SUMMARY END CONFIDENTIAL

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1. GOK COUNCIL OF MINISTERS RECENTLY APPROVED GENERAL STATE BUDGET FOR FY 74/75 OF KD 585 MILLION (KD 1 EQUALS \$3.38). THIS SLIGHTLY LESS THAN KD 20 MILLION MORE THAN CURRENT BUDGET OF KD 568 MILLION (REF B). NATIONAL ASSEMBLY WILL NOW REVIEW BUDGET WITH FINAL PASSAGE LIKELY AFTER FISCAL YEAR BEGINNING APRIL 1.

2. MAJOR COMPONENTS OF GM FY 74/75 BUDGET ARE AS FOLLOWS: GOVERNMENT EMPLOYEES, KD 174 MILLION; LOCAL DEVELOPMENT PROJECTS; KD 100 MILLION; EXPROPRIATIONS: KD 35 MILLION; STATE RESERVE: KD 63 MILLION, AND GENERAL AND OTHER EXPENDITURES: KD 212 MILLION.

3. COMMENT: OF SPECIAL INTEREST TO US FIRMS IS KD 100 MIL ALLOCATED FOR DEVELOPMENT PROJECTS. THIS IS ABOUT 15 PERCENT BELOW CURRENT LEVEL, BUT IT IS SIGNIFICANT SINCE POTENTIAL LARGE PURCHASES OF GOODS AND SERVICES, HOPEFULLY FROM US, WILL BE FINANCED OUT OF THESE FUNDS. PORTION ALLOCATED TO STATE RESERVE IS ONLY ABOUT HALF OF FY 73/74 LEVEL (BUT SEE BELOW). KD 35 MILLION FOR EXPROPRIATIONS IS FOR PURCHASE OF LAND BY GOK, TRADITIONAL MEANS OF SPREADING WEALTH AND INJECTING MONEY INTO SOCIETY.
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4. COMMENT (CON'T) DIFFICULT TO COMMENT ON FULL IMPACT OF BUDGET SINCE MOST IMPORTANT ELEMENTS LEFT OUT. BUDGET HAS NO BEARING TO OVERALL ANTICIPATED BOK INCOME WHICH WILL BE ABOUT

\$8-10 BILLION. AS INDICATED REF C GOK ANTICIPATING INVESTING AROUND \$6 BILLION IN FY 74/75. SIMILARLY, MILITARY EXPENDITURES NOT INCLUDED, AND GOK HAS BEGUN MAJOR MILITARY EXPANSION PROGRAM.

INTERESTING TO NOTE THAT DESPITE TREMENDOUS INCREASE IN ANTICIPATED INCOME, ONLY RELATIVELY MODEST INCREASES IN TRADITIONAL BUDGET EXPENDITURES BEING MADE AND IN SOME CASE,
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SUCH AS LOCAL DEVELOPMENT PROJECTS, FIGURE IS ACTUALLY LOWER THAN LAST YEAR.
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